

## **First Amendment to the Non-Emergency Medical Transportation Brokerage Contract**

This First Amendment to Contract Number MED-10-011 between the Iowa Department of Human Services (DHS) and TMS Management Group, Inc. (Contractor), is effective as of the date last signed below.

**Section 1: Amendment to the Contract.** The following is added to the contractual scope of work as new Section 3.3.2.7:

### **3.3.2.7 PROGRAM INTEGRITY & DISCLOSURE REQUIREMENTS.**

The Contractor shall diligently safeguard against the potential for, and promptly investigate reports of, suspected fraud and abuse by employees, subcontractors, providers, and others with whom the Contractor does business. The Contractor shall provide DHS with the Contractor's policies and procedures on handling issues of suspected fraud and abuse.

3.3.2.7(a) *Verification of Services Provided.* The Contractor shall have in place a method to verify whether services reimbursed by the Contractor were actually furnished to eligible persons as billed by providers.

3.3.2.7(b) *Coordination of Program Integrity Efforts.* The Contractor shall coordinate any and all program integrity efforts with IME personnel and Iowa's Medicaid Fraud Control Unit (MFCU), located within the Iowa Department of Inspections and Appeals. At minimum, Contractor shall:

- a. Provide any and all documentation or information upon request to DHS or MFCU related to any aspect of this Contract, including but not limited to policies, procedures, subcontracts, provider agreements, claims data, encounter data, and reports on recoupment actions and receivables.
- c. Report within two working days to DHS, MFCU, and any appropriate legal authorities any evidence indicating the possibility of fraud and abuse by any member of the provider network.
- d. Provide DHS with an annual update of investigative activity, including corrective actions taken.

3.3.2.7(c) *Procedures to Guard Against Fraud & Abuse.* The Contractor shall have administrative and management arrangements or procedures, and a mandatory compliance plan, that are designed to guard against fraud and abuse and include the following:

- a. written policies, procedures, and standards of conduct consistent with all applicable federal and state laws pertaining to fraud and abuse. Attached hereto and incorporated herein by reference as Attachment A is a document entitled "*CMS Performance Standard for Referrals of Suspected Fraud from a Single State Agency to a Medicaid Fraud Control Unit*," which was published by CMS in September 2008. Contractor shall incorporate the guidance document and fraud referral performance standards, as well as any other

appropriate guidance and/or future CMS guidance, into written policies and procedures and training materials on developing suspected Medicaid fraud cases for referral to appropriate authorities, including but not limited to MFCU.

3.3.2.7(d) *Obligation to Suspend Payments to Providers.* The Contractor shall comply with 42 C.F.R. § 455.23 by suspending all payments to a provider after the Contractor determines that there is a credible allegation of fraud for which an investigation is pending under the Medicaid program against an individual or entity unless DHS has identified in writing good cause for not suspending payments or to suspend payments only in part.

- a. Contractor shall issue a notice of payment suspension that comports in all respects with the obligations set forth in 42 C.F.R. § 455.23(b) and maintain the suspension for the durational period set forth in 42 C.F.R. § 455.23(c). In addition, the notice of payment suspension shall state that payments are being withheld in accordance with 42 C.F.R. § 455.23.
- b. Whenever Contractor suspends payments in compliance with this subsection 2.1(5)(d) in whole or in part, the Contractor shall make a written fraud referral to Iowa's MFCU not later than the next business day after the suspension is enacted. Whenever possible, Contractor should notify the MFCU of the potential suspension and afford the MFCU the opportunity to determine whether or not the suspension is appropriate before suspending payments.
- c. Contractor shall maintain all materials related to payment suspensions for a minimum of five years in compliance with the obligations set forth in 42 C.F.R. § 455.23(g).

3.3.2.7(e) *Reporting of Ownership & Control of Contractor.* Contractor shall report ownership and control information:

- a. *What disclosures must be provided.* Contractor shall report the following:
  - (1). The name and address of any person (individual or corporation) with an ownership or control interest in the Contractor. The address for corporate entities must include as applicable primary business address, every business location, and P.O. Box address.
  - (2). The date of birth and Social Security Number (in the case of an individual).
  - (3). Other tax identification number (in the case of a corporation) with an ownership or control interest in the Contractor or in any subcontractor in which the Contractor has a 5 percent or more interest.
  - (4) Whether the person (individual or corporation) with an ownership or control interest in the Contractor is related to another person with ownership or control interest in the Contractor as a spouse, parent, child, or sibling; or whether the person (individual or corporation) with an ownership or control interest in any subcontractor in which the disclosing entity has a 5 percent or more interest is related to another person with

ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling.

- (5) The name of any other disclosing entity (or fiscal agent or managed care entity) in which the owner of the disclosing entity (or fiscal agent or managed care entity) has an ownership or control interest.
- (6) The name, address, date of birth, the Social Security Number of any managing employee of the disclosing entity (or fiscal agent or managed care entity).

b. *When the disclosures must be provided.*

(1) Disclosures from Contractor are due:

- i. Upon Contractor submitting the proposal in accordance with the State's procurement process.
- ii. Upon Contractor executing a contract with the State.
- iii. Upon renewal or extension of the Contract.
- iv. Within 35 days after any change in ownership of Contractor.

c. *To Whom Must the Disclosures be Provided.* All disclosures must be provided to DHS.

d. *Consequences for Failure to Provide Required Disclosures.* Federal financial participation (FFP) is not available in payments made to a disclosing entity that fails to disclose ownership or control information as required by law.

3.3.2.7(f) *Reporting of Business Transactions of Contractor.*

- a. Contractor shall furnish to DHS and/or the Secretary on request, information related to business transactions in accordance with subparagraph (b) immediately below.
- b. Contractor must submit, within 35 days of the date on a request by the Secretary or DHS, full and complete information about –
  - (1) The ownership of any subcontractor with whom the Contractor has had business transactions totaling more than \$25,000 during the 12-month period ending on the date of the request; and
  - (2) Any significant business transactions between the Contractor and any wholly owned supplier, or between the provider and any subcontractor, during the 5-year period ending on the date of the request.
- c. FFP is not available in expenditures for services furnished by Contractor if the Contractor fails to comply with a request made by the Secretary or the Medicaid agency under paragraph (b) of this section or under 42 C.F.R. §420.205. Contractor shall not be entitled to payment under the Contract (i.e., no capitation payment will be paid) for services provided during the period beginning on the day following the date the information was due to the Secretary or DHS and ending on the day before the date on which the information was supplied.

3.3.2.7(g) *Contractor Disclosure of Information on Persons Convicted of Crimes.*

- a. *Information that must be disclosed.* Upon signing this Amendment and prior to renewal of the Contract, or at any time upon written request by DHS, Contractor must disclose to DHS the identity of any person who:
  - (1) Has ownership or control interest in the Contractor, or is an agent or managing employee of the Contractor; and
  - (2) Has been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the title XX program since the inception of those programs.
- b. *Notification to Inspector General.*
  - (1) DHS must notify the Inspector General of the HHS of any disclosures made under paragraph (a) of this subsection within 20 working days from the date it receives the information.
  - (2) DHS will also promptly notify the Inspector General of HHS of any action it takes in respect to Contractor.
- c. *Denial or Termination of Contract.*
  - (1) DHS may refuse to enter into or renew a Contract with Contractor if any person who has an ownership or control interest in the Contractor, or who is an agent or managing employee of the Contractor, has been convicted of a criminal offense related to that person's involvement in any program established under Medicare, Medicaid or the title XX Services Program.
  - (2) DHS may refuse to enter into or may terminate the Contract if it determines that the Contractor did not fully and accurately make any disclosure required under subparagraph (a) of this section.

3.3.2.7(h) *Contractor Reporting Obligations for Adverse Actions Taken on Provider Applications for Program Integrity Reasons.* Contractor shall implement in its provider enrollment processes the obligation of providers to disclose the identity of any person described in 42 C.F.R. § 1001.1001(a)(1). Contractor shall forward such disclosures to DHS. Contractor shall abide by any direction provided Contractor on whether or not to permit the applicant to be a provider in the NEMT program. Specifically, Contractor shall not permit the provider into the provider panel if DHS or Contractor determines that any person who has ownership or control interest in the provider, or who is an agent or managing employee of the provider, has been convicted of a criminal offense related to that person's involvement in any program established under Medicare, Medicaid or the title XX Services program, or if DHS or Contractor determine that the provider did not fully and accurately make any disclosure required pursuant to 42 C.F.R. § 1001.1001(a)(1).

3.3.2.7(i) *Disclosure by Contractor Providers and Fiscal Agents: Information on Ownership and Control.*

- a. *Who must provide disclosures.* Contractor must obtain disclosures from disclosing entities, fiscal agents, and network providers.

b. *What disclosures must be provided.* Contractor must require that disclosing entities, fiscal agents, and network providers provide the following disclosures:

- (1) i. The name and address of any person (individual or corporation) with an ownership or control interest in the disclosing entity, fiscal agent, or network provider. The address for corporate entities must include as applicable primary business address, every business location, and P.O. Box address.
- ii. Date of birth and Social Security Number (in the case of an individual).
- iii. Other tax identification number (in the case of a corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or network provider) or in any subcontractor in which the disclosing entity (or fiscal agent or network provider) has a 5 percent or more interest.
- (2) Whether the person (individual or corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or network provider) is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling; or whether the person (individual or corporation) with an ownership or control interest in any subcontractor in which the disclosing entity (or fiscal agent or network provider) has a 5 percent or more interest is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling.
- (3) The name of any other disclosing entity (or fiscal agent or network provider) in which an owner of the disclosing entity (or fiscal agent or network provider) has an ownership or control interest.
- (4) The name, address, date of birth, and Social Security Number of any managing employee of the disclosing entity (or fiscal agent or network provider).

c. *When the disclosures must be provided.*

- (1) *Disclosures from network providers or disclosing entities.* Disclosure from any network provider or disclosing entity is due at any of the following times:
  - i. Upon the network provider or disclosing entity submitting the provider application.
  - ii. Upon the network provider or disclosing entity executing the provider agreement.
  - iii. Upon request of DHS or during the re-validation of enrollment process.
  - iv. Within 35 days after any change in ownership of the disclosing entity or network provider.

(2) *Disclosures from fiscal agents.* Disclosures from fiscal agents are due at any of the following times:

- i. Upon the fiscal agent submitting the proposal in accordance with the procurement process.
- ii. Upon the fiscal agent executing the contract with the Contractor.
- iii. Upon renewal or extension of the contract with a fiscal agent.
- iv. Within 35 days after any change in ownership of the fiscal agent.

(3) *Disclosures from managed care entities.* Disclosures from managed care entities (MCOs, PIHPs, PAHPs, and HIOs), except PCCMs are due at any of the following times:

- i. Upon the managed care entity submitting the proposal in accordance with the procurement process.
- ii. Upon the managed care entity executing the contract with the Contractor.
- iii. Upon renewal or extension of the contract.
- iv. Within 35 days after any change in ownership of the managed care entity.

(4) Disclosures from PCCMs. PCCMs will comply with disclosure requirements under paragraph (c)(1) of this section.

d. *To whom must the disclosures be provided.* All disclosures must be provided to Contractor, who will make them available to DHS.

e. *Consequences for failure to provide required disclosures.* Federal financial participation (FFP) is not available in payments made to a disclosing entity that fails to disclose ownership or control information as required by this section.

#### 3.3.2.7(j) *Disclosure by Providers: Information Related to Business Transactions.*

a. *Provider agreements.* Contractor must enter into an agreement with each provider under which the provider agrees to furnish to it or to the Secretary on request, information related to business transactions in accordance with paragraph (b) of this section.

b. *Information that must be submitted.* A provider must submit, within 35 days of the date on a request by the Secretary, DHS, or Contractor, full and complete information about—

(1) The ownership of any subcontractor with whom the provider has had business transactions totaling more than \$25,000 during the 12-month period ending on the date of the request; and

(2) Any significant business transactions between the provider and any wholly owned supplier, or between the provider and any subcontractor, during the 5-year period ending on the date of the request.

c. *Denial of Federal financial participation (FFP).*

- (1) FFP is not available in expenditures for services furnished by providers who fail to comply with a request made by the Secretary, DHS, or the Contractor under paragraph (b) of this section or under 42 C.F.R. § 420.205 .
- (2) FFP will be denied in expenditures for services furnished during the period beginning on the day following the date the information was due to the Secretary, DHS, or the Contractor and ending on the day before the date on which the information was supplied.

3.3.2.7(k) *Disclosure by Providers: Information on Persons Convicted of Crimes.*

a. *Information that must be disclosed.* Before the Contractor enters into or renews a provider agreement, or at any time upon written request by DHS or the Contractor, the provider must disclose to the Contractor and/or DHS the identity of any person who:

- (1) Has ownership or control interest in the provider, or is an agent or managing employee of the provider; and
- (2) Has been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the title XX services program since the inception of those programs.

b. *Notification to Inspector General.*

- (1) Contractor shall notify DHS of any disclosures made under paragraph (a) of this section within 10 working days from the date it receives the information. DHS will forward the information to the Office of Inspector General of HHS.
- (2) The Contractor must also promptly notify the DHS of any action it takes on the provider's application for participation in the program.

c. *Denial or termination of provider participation.*

- (1) Contractor may refuse to enter into or renew an agreement with a provider and DHS may refuse to allow Contractor to renew or enter into such an agreement if any person who has an ownership or control interest in the provider, or who is an agent or managing employee of the provider, has been convicted of a criminal offense related to that person's involvement in any program established under Medicare, Medicaid or the Title XXI Services Program.
- (2) Contractor may refuse to enter into or may terminate a provider agreement and DHS may refuse to allow Contractor to renew or enter into such an agreement if any of the entities determines that the provider did not fully and accurately make any disclosure required under paragraph (a) of this section.

3.3.2.7(l). *Federal Database Checks.* Contractor must do all of the following:

- a. Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.
- b. Check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the General Services Administration's Excluded Parties List System (EPLS), the Medicare Exclusion Database (the MED) and any such other databases as the Secretary of HHS may prescribe.
- c. (1) Consult appropriate databases to confirm identity upon enrollment and reenrollment; and  
(2) Check the LEIE, EPLS, the MED and any such other databases as the Secretary of HHS may prescribe, no less frequently than monthly.

3.3.2.7(m). *Prohibition on Certain Relationships.*

- a. The Contractor may not knowingly have a relationship with the following:
  - (1) an individual who is debarred, suspended, or otherwise excluded from participating in procurement activities under the Federal Acquisition Regulation or from participating in non-procurement activities under regulations issued under Executive Order No.12549 or under guidelines implementing Executive Order No. 12549, or
  - (2) an individual who is an affiliate, as defined in the Federal Acquisition Regulation, of a person described in paragraph (a)(1) of the regulation.
- b. For the purposes of this section, "Relationship" is defined as follows:
  - (1) a director, officer, or partner of the Contractor;
  - (2) a person with beneficial ownership of five percent or more of the Contractor's equity, or
  - (3) a person with an employment, consulting or other arrangement with the Contractor under its contract with the State.

3.3.2.7(n) The Contractor shall not expend Medicaid funds for providers excluded by Medicare, Medicaid, or CHIP, as notified by DHS.

3.3.2.7(o) N/A.

3.3.2.7(p) The Contractor shall report fraud and abuse information to DHS. The report will include the following to the extent such information is available:

- a. the number of complaints of fraud and abuse made to DHS that warrant preliminary investigation, and
- b. for each complaint which warrants investigation, the following information: name-ID number; source of complaint; type of provider; nature of complaint; approximate dollars involved; disposition of the case.

3.3.2.7(q) The Contractor shall document that safeguards at least equal to federal safeguards (at 41 USC 423, section 27) are in place.

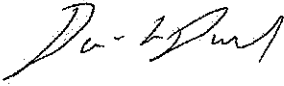


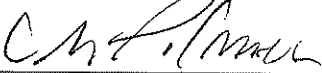
**Section 2: Amendment to the Contract.** The following is added to the contractual scope of work as the last paragraph in Section 3.3.2.4.2 of the RFP Scope of Work, which is incorporated into the Contract by reference:

Contractor shall recognize state agencies' rights to recover state payments made through the non-emergency medical transportation (NEMT) brokerage. Upon receipt of a state request to set off payments to a provider, Contractor shall set off payments to the effected provider to the fullest extent permitted by contractual obligations between Contractor and Contractor's transportation provider panel and return such set-off funds to DHS. On a going forward basis, Contractor's agreements with Contractor's provider panels shall include a clause recognizing this state rights of set off of payments.

**Section 3: Ratification, Authorization, Contingency.** Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Amendment, and this Amendment constitutes a legal, valid and binding obligation upon itself in accordance with its terms. This Amendment is contingent on approval by the Centers for Medicare and Medicaid Services.

**Section 4: Execution.** IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

<b>TMS Management Group, Inc.</b>
Signature of Authorized Representative: 
Printed Name: David McDonald
Title: President
Date: June 9, 2011

<b>Iowa Department of Human Services</b>
Signature of Authorized Representative: 
Printed Name: Charles M. Palmer
Title: Director
Date: 6-15-11